

**Forecasted Budget and
Accountant's Compilation Report**

**Bow Mar Water &
Sanitation District**

For the Year Ending December 31, 2017



Certified Public Accountants (a professional corporation)
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To the Board of Directors
Bow Mar Water and Sanitation District
Arapahoe and Jefferson Counties, Colorado

We have compiled the accompanying forecasted budget and cash flows of Bow Mar Water and Sanitation District for the year ending December 31, 2017, and the forecasted 2016 results of operations and cash flows for 2013-2019 in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statement or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecast period. Accordingly, this forecast is not designed for those who are not informed about such matters.

The accompanying historical financial statements for the years ended December 31, 2015 and 2014, were audited by other accountants, whose reports thereon, dated July 29, 2016 and May 13, 2015, were unqualified opinions.

We are not independent with respect to Bow Mar Water and Sanitation District.

Littleton, Colorado
November 9, 2016

BOW MAR WATER AND SANITATION DISTRICT

2017 Forecasted Budget

	ACTUAL 2014	ACTUAL 2015	FORECASTED 2016	FORECASTED 2017
BEGINNING FUNDS AVAILABLE	734,895	618,964	456,875	418,144
REVENUES				
TAP FEES				
Water tap fees	-	2,200	-	-
Sewer tap fees	-	-	-	-
SERVICE CHARGES				
Water Sales	248,288	283,831	314,078	333,237
Tax increase rate reduction (Temporary)	-	-	-	-
Sewer charges	57,241	58,482	58,430	60,183
INTEREST INCOME				
Interest income	1,367	663	1,000	700
TAXES				
Property - Operations	232,716	233,520	268,176	267,578
Debt Service	-	-	-	-
Specific Ownership	17,320	18,343	20,000	21,018
Property - Abatements	-	-	-	-
MISCELLANEOUS				
Late charges	540	529	1,700	1,700
Note issuance revenue	-	-	332,795	-
Other	-	-	36,602	3,000
TOTAL REVENUE	557,472	597,568	1,032,781	687,416
TOTAL REVENUE AND BEGINNING FUNDS	1,292,367	1,216,532	1,489,656	1,105,560

BOW MAR WATER AND SANITATION DISTRICT

2017 Forecasted Budget

	ACTUAL 2014	ACTUAL 2015	FORECASTED 2016	FORECASTED 2017
EXPENDITURES				
OPERATIONS & MAINTENANCE				
WATER				
General O & M	53,743	32,629	54,865	57,058
Water purchases	342,548	362,643	375,000	386,250
Drought surcharge	-	-	-	-
Meter purchases	-	-	-	-
Meter reading	3,077	3,232	3,362	-
Engineering/inspections	-	-	-	-
SEWER				
General O & M	34,620	5,744	24,404	61,293
Sewer processing	59,653	57,775	59,508	30,583
OFFICE EXPENSES				
Miscellaneous	1,495	2,365	1,800	1,854
PROFESSIONAL & CONSULTING				
Accounting & Audit	41,485	32,901	40,000	41,200
Legal	10,619	7,546	5,500	5,500
Contract Management Fees	29,132	34,245	16,000	25,000
INSURANCE				
General insurance expense	2,487	3,768	3,000	4,000
MISCELLANEOUS				
Director Fees	2,500	2,500	3,000	3,000
Treasurers' fees	3,494	3,505	5,590	5,758
Bank Charges	5,747	6,509	5,000	5,150
DEBT SERVICE				
Principal	38,028	-	29,202	29,975
Interest	254	-	8,730	7,956
Loan reserve	-	-	3,900	3,900
CAPITAL OUTLAY	44,521	204,295	382,651	-
CONTINGENCY	-	-	50,000	15,000
TOTAL EXPENDITURES	<u>673,403</u>	<u>759,657</u>	<u>1,071,512</u>	<u>683,477</u>
ENDING FUNDS AVAILABLE	<u>618,964</u>	<u>456,875</u>	<u>418,144</u>	<u>422,083</u>
RESTRICTED FUNDS				
Debt Service Property Tax	0	-	-	-
Restricted Funds - beginning	38,282	38,282	-	-
Debt Service Expenditures	<u>38,282</u>	<u>38,282</u>	-	-
Restricted Funds - ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNRESTRICTED FUNDS - ENDING	<u>618,964</u>	<u>456,875</u>	<u>418,144</u>	<u>422,083</u>

BOW MAR WATER AND SANITATION DISTRICT

2017 Forecasted Budget

	ACTUAL 2014	ACTUAL 2015	FORECASTED 2016	FORECASTED 2017
PROPERTY TAXES	TAX YEAR 2013	TAX YEAR 2014	TAX YEAR 2015	TAX YEAR 2016
MILL LEVY				
General Operations	0.011317	0.011317	0.011317	0.011317
Tax Credits	0.000000	0.000000	0.000000	0.000000
Abatements	0.000000	0.000000	0.000000	0.000000
Debt Service	0.000000	0.000000	0.000000	0.000000
TOTAL MILL LEVY	0.011317	0.011317	0.011317	0.011317
ASSESSED VALUATION				
Jefferson County	6,043,167	6,064,970	7,496,165	7,407,547
Arapahoe County	14,520,530	14,569,425	16,200,535	16,236,373
TOTAL	20,563,697	20,634,395	23,696,700	23,643,920
PROPERTY TAX REVENUE				
Assessed				
General Operations	232,719	233,519	268,176	267,578
Tax Credits	-	-	-	-
Abatements	-	-	-	-
Debt Service	-	-	-	-
Total Property Taxes	232,719	233,519	268,176	267,578
PROPERTY TAX BY COUNTY				
Jefferson County				
General Operations	68,391	68,637	84,834	83,831
Tax Credits	-	-	-	-
Abatements	-	-	-	-
Debt Service	0	-	-	-
Total Jefferson County	68,391	68,637	84,834	83,831
Arapahoe County				
General Operations	164,329	164,882	183,341	183,747
Tax Credits	-	-	-	-
Abatements	-	-	-	-
Debt Service	0	-	-	-
Total Arapahoe County	164,329	164,882	183,341	183,747

BOW MAR WATER AND SANITATION DISTRICT

	Cash Flow Forecast						
	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
	Actual	Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted
Water Revenues							
Water sales	346,053	282,080	280,930	314,078	333,237	343,234	353,531
Property Tax Reduction	(95,605)	(33,792)	-	-	-	-	-
Total Water Revenue	250,448	248,288	280,930	314,078	333,237	343,234	353,531
Water Expenses							
Water Purchases	280,306	342,548	362,643	375,000	386,250	399,769	413,761
Water main maintenance	38,899	53,743	32,629	54,865	57,058	58,770	62,002
Meter purchases	-	-	-	-	-	-	-
Meter reading	3,077	3,077	3,077	3,362	-	-	-
Total Water Expense	322,282	399,368	398,349	433,227	443,308	458,538	475,763
Net Water Gain (Loss)	-71,834	-151,080	-117,419	-119,149	-110,071	-115,305	-122,232
Sewer Revenue							
Sewer charges	43,896	57,241	58,482	58,430	60,183	61,086	64,445
Sewer Expenses							
Sewer processing	57,090	59,653	57,775	59,508	61,293	63,132	66,604
Sewer Maintenance	18,859	34,620	5,744	24,404	30,583	31,500	33,233
Total Sewer Expense	75,949	94,273	63,519	83,912	91,876	94,633	99,837
Net Sewer Gain (Loss)	-32,053	-37,032	-5,037	-25,482	-31,693	-33,547	-35,392
Miscellaneous Revenues							
Property taxes	236,859	232,716	233,519	268,176	267,578	271,592	286,529
Debt Service	95,605	-	-	332,795	-	-	-
Specific ownership	23,604	17,320	18,343	20,000	21,018	21,334	22,507
Interest income	1,888	1,367	663	1,000	700	1,055	1,113
Misc.	165,671	540	2,729	36,602	3,000	3,090	3,260
Property-Abatements	-	-	-	-	-	-	-
Late Charges	5,500	-	2,901	1,700	1,700	1,751	1,847
Total Miscellaneous revenue	529,127	251,943	258,155	660,273	293,997	298,822	315,257
Miscellaneous Expenses							
General and Administrative							
Accounting & Audit	40,460	41,485	32,901	40,000	41,200	42,436	44,770
Insurance	2,565	2,487	3,768	3,000	4,000	4,120	4,347
Legal	2,153	10,619	7,546	5,500	5,500	5,665	5,977
Contract management	17,857	29,132	34,245	16,000	25,000	25,750	27,166
Director Fees	2,400	3,220	2,200	3,000	3,000	2,600	2,743
Treasurer's fees	4,990	3,494	3,505	5,590	5,758	5,930	6,257
Bank Charges	4,760	4,722	6,509	5,000	5,150	5,305	5,596
Office Expense	5,726	1,800	2,819	1,800	1,854	1,910	2,015
Total G & A Expense	80,911	96,959	93,493	79,890	91,462	93,716	98,870
Net Gain (Loss)	344,329	-33,128	42,206	435,752	60,770	56,255	58,763
Bond Revenue	-	-	-	-	-	-	-
Capital Exp/Contingency	2,275	44,521	204,295	432,651	15,000	50,000	15,000
Debt Service							
Principal	96,634	38,028	-	29,202	29,975	30,770	31,585
Interest	1,869	254	-	8,730	7,956	7,161	6,346
Reserve Funding	-	-	-	3,900	3,900	3,900	3,900
Beginning Funds (Jan 1)	489,475	734,895	618,964	456,875	418,144	422,083	393,668
Ending Funds (Dec 31)	734,895	618,964	456,875	418,144	422,083	393,668	401,946
Ending Funds Composed of:							
Unrestricted	734,895	618,964	456,875	418,144	422,083	393,668	401,946
Restricted - Debt Service	-	-	-	-	-	-	-
	734,895	618,964	456,875	418,144	422,083	393,668	401,946

Bow Mar Water and Sanitation District
Summary of Significant Forecast Assumptions
For the Year Ending December 31, 2017

This financial forecast presents, to the best of management's knowledge and belief, the District's results of operations for the forecast period. Accordingly, the forecast reflects its judgment, as of the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected and those differences may be material. The comparative historical information for 2015 is extracted from the District's financial statements for that year. Those financial statements should be read for additional information.

Summary of Significant Forecast Assumptions

Proposed Budget

1. The assessed valuation for 2016 is \$23,643,920 as certified by the Arapahoe and Jefferson County assessors.
2. Interest income is based on the balance of ending cash of the previous year yielding a rate of return equivalent to interest rates that approximate 0.75 percent.
3. Water sales and costs are estimated based on prior years usage and anticipated cost increases imposed by the District supplier.
4. Future capital replacement costs are computed based on the District's Capital Replacement Plan. The plan is updated periodically.
5. The mill levy, 11.317 mills for general operations, was approved at an election held in 1999.

Bow Mar Water and Sanitation District Budget Message 2017

The 2017 budget for Bow Mar Water and Sanitation District (the District) anticipates revenue of \$687,416. The largest component of revenue is water sales followed by property taxes, sewer charges, interest income, and late charges.

Expenditures of \$683,477 are budgeted. The largest expenditure category is water purchases followed by sewer processing, professional and consulting fees and general operation and management costs.

The budgetary basis of accounting used for the 2017 budget is the modified accrual basis. Revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred and measurable except for interest on long-term debt, which is recognized when due.

Services to be delivered by the District in 2017 include providing potable water to approximately 300 households under a master meter contract with the Denver Water Department and transmission of sewage to various treatment facilities for households in the District.

The District electors, at an election held November 2, 1999, voted to exempt the District from article X Section 20 of the Colorado Constitution (the TABOR Amendment). At that election the voters approved increasing the mill levy to 11.317 mills and to exempt the District from all revenue and spending limitations in that amendment. The electors at that election also approved exempting the District from the 5.5% limitation.

The District electors, at an election held November 4, 2008, approved a ballot measure authorizing a bond issue of \$1,150,000 and an additional mill levy of 4.457 mills to pay for the bonds.

**Schedule of Lease-Purchase Agreements
Bow Mar Water and Sanitation District
2017 Budget**

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| A. The total amount to be expended during the ensuing fiscal year for payment obligations under all lease-purchase agreements involving real property | \$ 0 |
| B. The total maximum payment liability of the local government under all lease-purchase agreements involving real property over the entire terms of such agreements, including all optional renewal terms | \$ 0 |
| C. The total amount to be expended during the ensuing fiscal year for payment obligations under all lease-purchase agreements other than those involving real property | \$ 0 |
| D. The total maximum payment liability of the local government under all lease-purchase agreements other than those involving real property over the entire terms of such agreements, including all optional renewal terms | \$ 0 |